

SENATE BILL 283

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CF HB 470

By: **The President (By Request - Administration) and Senators Currie, Kasemeyer, Dyson, Munson, King, ~~and Rosapepe~~ Rosapepe, Jones, Madaleno, McFadden, ~~Munson~~, and Zirkin**

Introduced and read first time: January 22, 2010

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 30, 2010

CHAPTER _____

1 AN ACT concerning

2 **Higher Education Investment Fund – Tuition Stabilization and Funding**

3 FOR the purpose of requiring the Comptroller to continue to distribute certain income
4 tax revenue from corporations to the Higher Education Investment Fund;
5 expanding the authorized uses of the Fund; establishing a Tuition Stabilization
6 Trust Account in the Fund; requiring certain funds to be transferred to the
7 Trust Account under certain circumstances; setting a certain State goal
8 regarding certain resident tuition and fees at public institutions of higher
9 education; providing that the Trust Account consists of certain money; limiting
10 the authorized use of funds in the Trust Account; stating a certain goal of the
11 State for certain education funding; authorizing certain higher education
12 institutions to periodically review certain tuition and fees; providing for the
13 application of this Act; and generally relating to funding and authorized uses of
14 the Higher Education Investment Fund.

15 BY repealing and reenacting, with amendments,
16 Article – Education
17 Section 15–106.6
18 Annotated Code of Maryland
19 (2008 Replacement Volume and 2009 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Tax – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 2–613.1
 2 Annotated Code of Maryland
 3 (2004 Replacement Volume and 2009 Supplement)

4 Preamble

5 WHEREAS, The State public universities have not raised in-State
 6 undergraduate tuition in the last four years and as a result Maryland has fallen from
 7 the 6th highest public tuition state in the nation to a current ranking of 17th; and

8 WHEREAS, The Commission to Develop the Maryland Model for Funding
 9 Higher Education was charged with developing an effective statewide framework for
 10 higher education funding to establish a consistent and stable funding mechanism
 11 while promoting policies to achieve national eminence; and

12 WHEREAS, The Commission recommended that the Higher Education
 13 Investment Fund be established as a permanent fund; and

14 WHEREAS, The Commission recommended the creation of a Tuition
 15 Stabilization Account within the Higher Education Investment Fund to stabilize
 16 tuition costs for resident students; and

17 WHEREAS, The Commission recommended that the State set as a goal to limit
 18 percentage increases in resident undergraduate tuition in any given year to a percent
 19 not to exceed the increase in the three–year rolling average of the State’s median
 20 family income, a policy that would link tuition increases to a measure of affordability
 21 for Maryland families; now, therefore,

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article – Education**

25 15–106.6.

26 (a) (1) In this section the following words have the meanings indicated.

27 (2) “Fund” means the Higher Education Investment Fund.

28 (3) **“TRUST ACCOUNT” MEANS THE TUITION STABILIZATION**
 29 **TRUST ACCOUNT.**

30 [(3)] (4) “Tuition” means the charges and fees approved by the
 31 governing board of a public senior higher education institution which are required of
 32 all undergraduate resident students by the institution as a condition of enrollment
 33 regardless of the student’s degree program, field of study, or selected courses.

- 1 (b) (1) There is a Higher Education Investment Fund.
- 2 (2) The purpose of the Fund is to:
- 3 (i) Invest in public higher education and workforce
4 development; and
- 5 (ii) Keep tuition affordable for Maryland students and families.
- 6 (3) The Fund is a special, nonlapsing fund that is not subject to §
7 7–302 of the State Finance and Procurement Article.
- 8 (4) The Treasurer shall hold the Fund and the Comptroller shall
9 account for the Fund.
- 10 (5) The proceeds of the Fund shall be invested and reinvested.
- 11 (6) Any investment earnings shall be paid into the Fund.
- 12 (7) The Fund consists of:
- 13 (i) Money appropriated in the State budget for the Fund; and
- 14 (ii) Any other money from any other source accepted for the
15 benefit of the Fund.
- 16 (8) The Commission shall administer the Fund.
- 17 (9) Money in the Fund may be expended only:
- 18 (i) To supplement General Fund appropriations to public senior
19 higher education institutions and research institutes of the University System of
20 Maryland;
- 21 (ii) For capital projects for public senior higher education
22 institutions and research institutes of the University System of Maryland;
- 23 (iii) For workforce development initiatives administered by the
24 Commission; and
- 25 (iv) For initiatives to address higher education needs related to
26 the United States Department of Defense Base Realignment and Closure process.
- 27 (10) Expenditures from the Fund may be made only in accordance with
28 an appropriation approved by the General Assembly in the annual State budget.

1 **(C) (1) WITHIN THE FUND THERE IS A TUITION STABILIZATION**
2 **TRUST ACCOUNT.**

3 **(2) (I) THE TRUST ACCOUNT IS ESTABLISHED TO RETAIN**
4 **REVENUES FOR STABILIZING TUITION COSTS FOR RESIDENT UNDERGRADUATE**
5 **STUDENTS.**

6 **(II) IN YEARS OF INCREASING CORPORATE TAX REVENUES**
7 **THAT ARE ALLOCATED TO THE FUND UNDER § 2-613.1 OF THE TAX – GENERAL**
8 **ARTICLE, FUNDS SHALL BE DEPOSITED INTO THE TRUST ACCOUNT.**

9 **(III) FUNDS IN THE TRUST ACCOUNT SHALL BE USED ONLY**
10 **TO STABILIZE TUITION AT PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS.**

11 **(IV) IT IS THE GOAL OF THE STATE THAT ANY INCREASE IN**
12 **RESIDENT UNDERGRADUATE TUITION AND ACADEMIC FEES AT PUBLIC SENIOR**
13 **INSTITUTIONS OF HIGHER EDUCATION IN ANY GIVEN YEAR SHOULD BE LIMITED**
14 **TO A PERCENT NOT TO EXCEED THE INCREASE IN THE 3-YEAR ROLLING**
15 **AVERAGE OF THE STATE’S MEDIAN FAMILY INCOME.**

16 **(3) THE TRUST ACCOUNT CONSISTS OF:**

17 **(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR**
18 **THE TRUST ACCOUNT; AND**

19 **(II) ANY OTHER MONEY FROM ANY OTHER SOURCE**
20 **ACCEPTED FOR THE BENEFIT OF THE TRUST ACCOUNT.**

21 **(4) A BALANCE OF BETWEEN 1% AND 5% OF RESIDENT**
22 **UNDERGRADUATE TUITION REVENUES RECEIVED BY PUBLIC SENIOR HIGHER**
23 **EDUCATION INSTITUTIONS IN THE PRIOR FISCAL YEAR SHOULD BE MAINTAINED**
24 **IN THE TRUST ACCOUNT.**

25 **(5) MONEY IN THE TRUST ACCOUNT MAY BE EXPENDED ONLY TO**
26 **SUPPLEMENT GENERAL FUND APPROPRIATIONS TO PUBLIC SENIOR HIGHER**
27 **EDUCATION INSTITUTIONS FOR THE PURPOSE OF STABILIZING TUITION COSTS**
28 **OF RESIDENT UNDERGRADUATE STUDENTS.**

29 **Article – Tax – General**

30 2-613.1.

31 After making the distribution required under § 2-613 of this subtitle[:

1 (1)], of the remaining income tax revenue from corporations, the
2 Comptroller shall distribute:

3 [(i) for fiscal year 2008 only:

4 1. \$16,000,000 to the Higher Education Investment
5 Fund established under § 15–106.6 of the Education Article; and

6 2. the amount by which 15.15% of the remaining income
7 tax revenue from corporations exceeds \$16,000,000 to the General Fund; and

8 (ii) for each of fiscal years 2009 and 2010 only:

9 1.] (1) 6% to the Higher Education Investment Fund
10 established under § 15–106.6 of the Education Article; and

11 [2.] (2) 9.15% to the General Fund]; and

12 (2) for fiscal year 2011 and subsequent fiscal years, the Comptroller
13 shall distribute 15.15% of the remaining income tax revenue from corporations to the
14 General Fund of the State].

15 SECTION 2. AND BE IT FURTHER ENACTED, That it is the goal of the State
16 that in conjunction with moderate and affordable tuition, public senior higher
17 education institution funding should reach 100% of the funding guidelines as
18 developed and approved by the Maryland Higher Education Commission.

19 SECTION 3. AND BE IT FURTHER ENACTED, That, in order to provide
20 access to higher education for Maryland students and to ensure a high return on State
21 general fund allocations to higher education, the governing boards of public senior
22 higher education institutions shall periodically conduct a review of tuition at
23 individual institutions and make adjustments when necessary to promote access, to
24 increase funding for financial aid, to align resident tuition rates with peer institutions
25 in the State and nationwide, and to affect student demand as demonstrated by
26 admissions data and productivity measures.

27 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect July 1, 2010.